



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GLORIA J. JEFF
DIRECTOR

November 19, 2004

The Honorable Shirley Johnson, Chair
Senate Appropriations Subcommittee
on Transportation
Michigan State Senate
P.O. Box 30036
Lansing, Michigan 48909

The Honorable Scott Shackleton, Chair
House Appropriations Subcommittee
on Transportation
Michigan House of Representatives
P.O. Box 30014
Lansing, Michigan 48909

Dear Senator Johnson and Representative Shackleton:

Public Act 162, Section 308 states:

The department and local road agencies that receive appropriations under this act shall pursue compliance with contract specifications for construction and maintenance of state highways and local roads and streets. Work shall not be accepted and paid for until it complies with contract requirements. Contractors with unsatisfactory performance ratings shall be restricted from future bidding through the prequalification process established by the department or a local road agency. The department, county road commissions, and cities and villages shall report to the house of representatives and senate appropriations subcommittees on transportation on their respective activities under this section.

Through the department's construction and maintenance contract administration process, fiscal year 2003-2004 contracts scheduled for completion have been successfully completed. All work was inspected and accepted as being in reasonable conformance with contract plans and specifications.

A contractor must be prequalified by the department before submitting a bid. Contractors are prequalified by work type and for specific dollar amounts based on experience, equipment, financial statements, and performance evaluations. The department has a contractor evaluation process that project management personnel use to evaluate a contractor's performance at the end of each year for multi year projects, at the completion of a project, and at any other time it is

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determined that an evaluation is appropriate. A contractor's prequalification may be reduced as a result of unsatisfactory performance ratings. During fiscal year 2003-2004, three contractors had their prequalification ratings either suspended or amended due to unsatisfactory performance ratings.

Sincerely,



Gloria J. Jeff
Director

BOHD:C/T:AC:kar

cc: Gary S. Olson, Director, Senate Fiscal Agency
Mitchell E. Bean, Director, House Fiscal Agency

bcc: G. Jeff
K. Steudle
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